

**NATCHITOCHES ASSOCIATION FOR
RETARDED CITIZENS, INC.
ADULT HABILITATION PROGRAM AND
SHELTERED WORKSHOP**

ANNUAL FINANCIAL REPORT

JUNE 30, 2013

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
June 30, 2013

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Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Annual Financial Report
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Johnson, Thomas & Cunningham

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

Report on the Financial Statements

We have audited the accompanying financial statements of the Natchitoches Association for Retarded Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Association for Retarded Citizens, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Natchitoches Association for Retarded Citizens, Inc. taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Information from the preceding year is reported on certain financial statements within this report. This information was taken from our report dated October 8, 2012, in which we expressed an unmodified opinion on the Natchitoches Association for Retarded Citizens, Inc.'s statement of financial position.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2013, on our consideration of the Natchitoches Association for Retarded Citizens, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Natchitoches Association for Retarded Citizens, Inc.'s internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

October 24, 2013
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Financial Position
June 30, 2013

ASSETS:	
Cash	\$49,400
Revenue Receivable	13,233
Plant and Equipment, Net of Accumulated Depreciation of \$120,230	<u>10,471</u>
Total Assets	<u>\$73,104</u>
LIABILITIES:	
Accounts Payable	\$ 2,177
Payroll Taxes Payable	<u>605</u>
Total Liabilities	<u>\$ 2,782</u>
NET ASSETS:	
Temporarily Restricted	\$ 7,574
Unrestricted	<u>62,748</u>
Total Net Assets	<u>\$70,322</u>
Total Liabilities & Net Assets	<u>\$73,104</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Activities
Year Ended June 30, 2013

UNRESTRICTED NET ASSETS:

Support-	
Fees-	
Medicaid	\$216,928
State of Louisiana, Department of Health and Hospitals,	
Office for Citizens with Developmental Disabilities	2,968
Contract Work	42,118
Soft Drink Sales	2,455
Interest	70
Other	45
Contributed Capital-	
Net Assets Released from Restrictions-	
Federal Transit Administration Section 5310 Depreciation	
On Restricted Vans	<u>4,133</u>

Total Revenues, Gains, and Other Support \$268,717

Expenses-	
Program Services	\$204,766
Management and General	<u>62,047</u>

Total Expenses \$266,813

Increase in Unrestricted Net Assets \$ 1,904

TEMPORARILY RESTRICTED NET ASSETS:

Federal Transit Administration Sec 5310-	
Current Year Depreciation	<u>\$ (4,133)</u>

Decrease in Temporarily Restricted Net Assets \$ (4,133)

(Decrease) in Net Assets \$ (2,229)

OTHER FINANCING SOURCES (USES):

Transfer-In (Adult Habilitation)	1,042
Transfer-Out (Sheltered Workshop)	<u>(1,042)</u>

Total Decrease in Net Assets \$ (2,229)

Net Assets-Beginning of Year 72,551

Net Assets-End of Year \$ 70,322

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Cash Flows
Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (2,229)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-	
Depreciation	5,910
(Increase)/Decrease in Receivables	6,891
Increase/(Decrease) in Accounts Payable	(165)
Increase/(Decrease) in Payroll and Payroll Taxes Payable	<u>73</u>
Net Cash from Operating Activities	\$10,480

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Purchase of Assets	<u>(408)</u>
Net Increase in Cash	\$10,072
Cash-Beginning of Year	<u>39,328</u>
Cash-End of Year	<u>\$49,400</u>

The accompanying notes are an integral part of this statement.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Combined Statement of Functional Expenses
Year Ended June 30, 2013

	Program Services	Management and General	Total
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$27,662	\$ 27,662
Client Salaries	15,342	0	15,342
Other Salaries	85,781	18,528	104,309
Payroll Taxes/Related Expenses	7,963	4,288	12,251
Workman's Compensation Insurance	<u>2,148</u>	<u>1,157</u>	<u>3,305</u>
Total Compensation and Related Expenses	<u>\$111,234</u>	<u>\$51,635</u>	<u>\$162,869</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	8,656	0	8,656
Utilities	<u>10,015</u>	<u>0</u>	<u>10,015</u>
Total Occupancy Expenses	<u>\$ 36,671</u>	<u>\$ 0</u>	<u>\$ 36,671</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil, Repairs & Maintenance	<u>\$ 22,687</u>	<u>\$ 0</u>	<u>\$ 22,687</u>
OTHER EXPENSES:			
Depreciation	\$ 3,842	\$ 2,068	\$ 5,910
Food	102	0	102
Insurance	7,365	3,966	11,331
Recreation	446	0	446
Postage	124	91	215
Repairs and Maintenance (Buildings & Grounds)	601	82	683
Soft Drinks	2,856	0	2,856
Office Supplies	814	489	1,303
Telephone/Utilities	3,539	494	4,033
Other	<u>14,485</u>	<u>3,222</u>	<u>17,707</u>
Total Other Expenses	<u>\$ 34,174</u>	<u>\$10,412</u>	<u>\$ 44,586</u>
OTHER FINANCING SOURCES/USES:			
Transfer-Out (Adult Habilitation)	<u>\$ 0</u>	<u>\$ 1,042</u>	<u>\$ 1,042</u>
Total Functional Expenses	<u>\$204,766</u>	<u>\$63,089</u>	<u>\$267,855</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Natchitoches Association for Retarded Citizens, Inc., is a quasi-governmental, nonprofit organization incorporated March 31, 1981, whose purpose is to promote the general welfare of the mentally retarded, to encourage research related to mental retardation, to advise and aid parents in the solution of their problems, to develop a better understanding by the public of the problems of mental retardation, to cooperate with all agencies and professional groups in the furtherance of these ends, to associate with and support financially the State and National Associations to promote the common cause, to serve locally as a clearinghouse for gathering and providing information regarding the mentally retarded, and to solicit and receive funds for the accomplishment of the stated purposes.

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop have adopted Statement of Financial Accounting Standards Board ASC 958, the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are required to present a statement of cash flows.

The Natchitoches Association for Retarded Citizens, Inc. operates two separate divisions. One, the Adult Habilitation Program receives funding for one individual from the State of Louisiana, Department of Health and Hospitals, Office for Citizens with Developmental Disabilities and from Medicaid to provide adult day services for a maximum of 52 clients. The other division is the Natchitoches Sheltered Workshop. The Natchitoches Sheltered Workshop is totally self-supportive. Income to the Sheltered Workshop consists solely of revenues earned through contracts with private individuals and companies for the provision of services performed by the clients of the Workshop. No federal financial assistance of any type is received by the Natchitoches Sheltered Workshop.

B. Promises to Give:

Contributions are recognized when a donor makes a promise to give to the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported or as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2013

C. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Property, Plant, and Equipment:

Donations of property, plant, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. When donor stipulations are absent regarding how long those donated assets must be maintained, the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop reclassify temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

E. Contributions:

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop have elected to adopt FASB 958-605, "Not for Profit Entities – Revenue Recognition". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

F. Income Taxes:

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are exempt from income taxes under Internal Revenue Code Section 501(c)(3).

G. Cash and Cash Equivalents:

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. At June 30, 2013, the Natchitoches Association for Retarded Citizens, Inc. had no investments.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2013

NOTE 2 RESTRICTIONS ON ASSETS

Restrictions on assets at June 30, 2013, relate to a van obtained by the Natchitoches Association for Retarded Citizens, Inc. through Section 5310 of the Federal Transit Act which provides for capital grants for the specific purpose of assistance in providing transportation services to meet the special needs of elderly and disabled persons for whom mass transportation services are unavailable, insufficient, or inappropriate. The program is administered by the Louisiana Department of Transportation and Development. The vans obtained with these funds must be used for transportation services to the elderly and disabled within the Natchitoches Association for Retarded Citizens, Inc.'s service area. The Department of Transportation and Development must be immediately notified if the equipment is not used in the aforementioned manner or if it is withdrawn from service. Disposition of the vehicle must have DOTD approval and must be in conformance with the provisions of OMB Circular A-122, Attachment N. Dispositions must be at current market value and a portion of the funds received must be returned in proportion to the original percentage of Federal funds contributed.

It is the policy of the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program to amortize the asset restricted over its estimated useful life using the straight-line method. Temporarily restricted assets at year end were \$7,574.

NOTE 3 CASH

Cash is summarized as follows:

Petty Cash	\$ 200
Demand Deposit Accounts	19,368
Interest Bearing Accounts	<u>29,832</u>
Total	<u>\$49,400</u>

At June 30, 2013, the carrying amount of the Natchitoches Association for Retarded Citizens, Inc.'s cash deposits was \$49,200 and the bank's balance was \$55,762. This bank deposit balance was fully covered by FDIC Insurance.

NOTE 4 PLANT AND EQUIPMENT

All plant and equipment are stated at historical cost. Depreciation is charged as an expense against operations and has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture and Fixtures	5-7 years
Automobiles	5 years
Machinery and Equipment	5-7 years

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2013

A summary of plant and equipment at June 30, 2013, is presented below:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation This Year</u>
Furniture & Fixtures	\$ 53,983	\$ 53,027	\$ 956	\$ 731
Vehicles	70,497	60,982	9,515	5,179
Building & Equipment	<u>6,221</u>	<u>6,221</u>	<u>0</u>	<u>0</u>
Total	<u>\$130,701</u>	<u>\$120,230</u>	<u>\$10,471</u>	<u>\$5,910</u>

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in activities.

NOTE 5 LEASE OBLIGATIONS

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop rents its premises under an operating lease. The lease is for a one-year term ending on June 30, 2013, with an option for a one-year renewal.

Future minimum rental payments under this operating lease are \$18,000 for the fiscal year ending June 30, 2014.

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are not participating in any capital lease arrangements.

NOTE 6 EMPLOYEE RETIREMENT SYSTEMS

The Natchitoches Association for Retarded Citizens, Inc. does not have or sponsor an employee retirement plan. All employees of the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop are covered by the Social Security System.

NOTE 7 COMPENSATED ABSENCES

The Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop employees are entitled to certain compensated absences based on their length of employment. Each salaried employee accrues leave according to the State Civil Service guidelines, based on length of service as follows:

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2013

<u>Full-Time Employment</u>	<u>Days Earned Per Year</u>
0-3 Years	12
3-5 Years	15
5-12 Years	18
10-15 Years	21
More Than 15 Years	24

These are considered personal leave days and may be used for any purpose the employee desires. No distinction is made between annual and sick leave. Leave earned in one fiscal year cannot be carried over to a subsequent year. Employees are also entitled to compensatory time on an hour-for-hour basis for approved overtime. Compensatory time not used in the fiscal period that it is earned cannot be carried over to the next fiscal year and will be forfeited.

Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

NOTE 8 LITIGATION

According to management, the Natchitoches Association for Retarded Citizens, Inc.'s Adult Habilitation Program and Sheltered Workshop were not involved in any litigation as of June 30, 2013.

NOTE 9 ECONOMIC DEPENDENCY

The Natchitoches Association for Retarded Citizens, Inc. receives the majority of its funding through the "waiver" program. Each client, up to a maximum of 52, must submit a request for services to be provided. Each month a bill is submitted that shows level of service, hours attended, by name for reimbursement. Reimbursement amounts vary by individual based on level of service provided. Any changes in the formula used to determine reimbursement based on level of service would effect the operations of the Natchitoches Association for Retarded Citizens, Inc.. Management is not aware of any actions that would reduce the amount of reimbursement for the next fiscal year.

NOTE 10 BOARD OF DIRECTORS

Members of the Board of Directors participate on a voluntary basis and receive no compensation for their services.

NOTE 11 RELATED PARTIES

There were no identified related party transactions.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Notes to Financial Statements
June 30, 2013

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 24, 2013, the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Financial Position
June 30, 2013
With Comparative Amounts as of June 30, 2012

	<u>2013</u>	<u>2012</u>
ASSETS:		
Cash	\$29,882	\$26,663
Revenue Receivable- Medicaid	13,233	19,704
OCDD	0	420
Plant and Equipment, Net of Accumulated Depreciation for 2013 and 2012 of \$93,558 and \$88,132, respectively	<u>9,799</u>	<u>15,225</u>
Total Assets	<u>\$52,914</u>	<u>\$62,012</u>
LIABILITIES:		
Accounts Payable	\$ 2,059	\$ 1,676
Payroll Taxes Payable	<u>590</u>	<u>527</u>
Total Liabilities	<u>\$ 2,649</u>	<u>\$ 2,203</u>
NET ASSETS:		
Temporarily Restricted	\$ 7,574	\$11,707
Unrestricted	<u>42,691</u>	<u>48,102</u>
Total Net Assets	<u>\$50,265</u>	<u>\$59,809</u>
Total Liabilities & Net Assets	<u>\$52,914</u>	<u>\$62,012</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Activities
Year Ended June 30, 2013
With Comparative Amounts from Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS:		
Support-		
Fees-		
Medicaid	\$216,928	\$212,536
State of Louisiana, Department of Health and Hospitals,		
Office for Citizens with Developmental Disabilities	2,968	4,228
Interest	70	102
Other	45	2,216
Contributed Capital-		
Net Assets Released from Restrictions-		
Federal Transit Administration Section 5310 Depreciation		
on Restricted Vans	<u>4,133</u>	<u>4,133</u>
Total Revenues, Gains, and Other Support	<u>\$224,144</u>	<u>\$223,215</u>
Expenses-		
Program Services	\$174,009	\$161,949
Management and General	<u>56,588</u>	<u>54,247</u>
Total Expenditures	<u>\$230,597</u>	<u>\$216,196</u>
Increase (Decrease) in Unrestricted Net Assets	\$ <u>(6,453)</u>	\$ <u>7,019</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Federal Transit Administration Sec 5310		
Current Year Depreciation	\$ <u>(4,133)</u>	\$ <u>(4,133)</u>
Decrease in Temporarily Restricted Net Assets	\$ <u>(4,133)</u>	\$ <u>(4,133)</u>
Increase (Decrease) in Net Assets	\$ (10,586)	\$ 2,886
OTHER FINANCING SOURCES (USES):		
Transfer-In (Sheltered Workshop)	<u>1,042</u>	<u>0</u>
Increase (Decrease) in Net Assets	\$ (9,544)	\$ 2,886
Net Assets-Beginning of Year	<u>59,809</u>	<u>56,923</u>
Net Assets-End of Year	<u>\$ 50,265</u>	<u>\$59,809</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Cash Flows
Year Ended June 30, 2013
With Comparative Amounts from Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$(10,586)	\$ 2,886
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities-		
Depreciation	5,426	5,589
(Increase)/Decrease in Receivables	6,891	(10,105)
Increase/(Decrease) in Accounts Payable	383	177
Increase/(Decrease) in Payroll Taxes Payable	<u>63</u>	<u>(135)</u>
Net Cash from (Used In) Operating Activities	\$ <u>2,177</u>	\$ <u>(1,588)</u>
CASH FLOW FROM NONCAPITAL FINANCING SOURCES:		
Transfer- In (Sheltered Workshop)	\$ <u>1,042</u>	\$ <u>0</u>
Net Increase (Decrease) in Cash	\$ 3,219	\$ (1,588)
Cash-Beginning of Year	<u>26,663</u>	<u>28,251</u>
Cash-End of Year	\$ <u>29,882</u>	\$ <u>26,663</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Adult Habilitation Program
Statement of Functional Expenses
Year Ended June 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Officers' Salaries	\$ 0	\$27,662	\$ 27,662
Other Salaries	81,662	16,310	97,972
Payroll Taxes/Related Expenses	7,964	4,288	12,252
Workman's Compensation Insurance	<u>2,148</u>	<u>1,157</u>	<u>3,305</u>
Total Compensation and Related Expenses	<u>\$ 91,774</u>	<u>\$49,417</u>	<u>\$141,191</u>
OCCUPANCY EXPENSES:			
Rent	\$ 18,000	\$ 0	\$ 18,000
Repairs and Maintenance	8,656	0	8,656
Utilities	<u>10,015</u>	<u>0</u>	<u>10,015</u>
Total Occupancy Expenses	<u>\$ 36,671</u>	<u>\$ 0</u>	<u>\$ 36,671</u>
TRANSPORTATION EXPENSES:			
Fuel & Oil, Repairs & Maintenance	<u>\$ 22,687</u>	<u>\$ 0</u>	<u>\$ 22,687</u>
OTHER EXPENSES:			
Depreciation	\$ 3,527	\$ 1,899	\$ 5,426
Postage	124	0	124
Insurance	7,365	3,966	11,331
Office Supplies	814	0	814
Telephone	2,621	0	2,621
Other	<u>8,426</u>	<u>1,306</u>	<u>9,732</u>
Total Other Expenses	<u>\$ 22,877</u>	<u>\$ 7,171</u>	<u>\$ 30,048</u>
Total Functional Expenses	<u>\$174,009</u>	<u>\$56,588</u>	<u>\$230,597</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Financial Position
June 30, 2013
With Comparative Amounts as of June 30, 2012

	<u>2013</u>	<u>2012</u>
ASSETS:		
Cash	\$19,518	\$12,664
Plant and Equipment, Net of Accumulated Depreciation for 2013 and 2012 of \$26,672 and \$26,188, respectively	<u>672</u>	<u>749</u>
Total Assets	<u>\$20,190</u>	<u>\$13,413</u>
LIABILITIES:		
Accounts Payable	\$ 118	\$ 666
Payroll Taxes Payable	<u>15</u>	<u>5</u>
Total Liabilities	\$ 133	\$ 671
NET ASSETS:		
Unrestricted	<u>20,057</u>	<u>12,742</u>
Total Liabilities and Net Assets	<u>\$20,190</u>	<u>\$13,413</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Activities
Year Ended June 30, 2013
With Comparative Amounts from Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS:		
Support-		
Contract Work	\$42,118	\$39,739
Soft Drink Sales	<u>2,455</u>	<u>2,396</u>
Total Revenues, Gains, and Other Support	<u>\$44,573</u>	<u>\$42,135</u>
Expenses-		
Program Services	\$30,757	\$31,992
Management and General	<u>6,501</u>	<u>6,400</u>
Total Expenses	<u>\$37,258</u>	<u>\$38,392</u>
Increase in Net Assets	\$ 7,315	\$ 3,743
Net Assets-Beginning of Year	<u>12,742</u>	<u>8,999</u>
Net Assets-End of Year	<u>\$20,057</u>	<u>\$12,742</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Cash Flows
Year Ended June 30, 2013
With Comparative Amounts from Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 7,315	\$ 3,743
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities-		
Depreciation	484	699
Increase/(Decrease) in Accounts Payable	(547)	114
Increase/(Decrease) in Payroll Taxes Payable	<u>10</u>	<u>(29)</u>
Net Cash from Operating Activities	\$ <u>7,262</u>	\$ <u>4,527</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of Assets	\$ <u>(408)</u>	\$ <u>(139)</u>
Net Increase in Cash	\$ 6,854	\$ 4,388
Cash-Beginning of Year	<u>12,664</u>	<u>8,276</u>
Cash-End of Year	<u>\$19,518</u>	<u>\$12,664</u>

See accountant's report on supplementary information.

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Sheltered Workshop
Statement of Functional Expenses
Year Ended June 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
COMPENSATION AND RELATED EXPENSES:			
Client Salaries	\$15,342	\$ 0	\$15,342
Other Salaries	<u>4,118</u>	<u>2,218</u>	<u>6,336</u>
Total Compensation and Related Expenses	<u>\$19,460</u>	<u>\$2,218</u>	<u>\$21,678</u>
OTHER EXPENSES:			
Depreciation	\$ 315	\$ 169	\$ 484
Food	102	0	102
Telephone & Utilities	918	494	1,412
Postage	0	91	91
Repairs and Maintenance	601	82	683
Office Supplies	0	489	489
Soft Drinks	2,856	0	2,856
Recreation	446	0	446
Other	<u>6,059</u>	<u>1,916</u>	<u>7,975</u>
Total Other Expenses	<u>\$11,297</u>	<u>\$3,241</u>	<u>\$14,538</u>
OTHER FINANCING SOURCES/USES:			
Transfer-Out (Adult Habilitation)	\$ 0	\$1,042	\$ 1,042
Total Functional Expenses	<u>\$30,757</u>	<u>\$6,501</u>	<u>\$37,258</u>

See accountant's report on supplementary information.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA | A Professional Corporation (1927-1996)

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Roger M. Cunningham, CPA | A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Natchitoches Association for Retarded Citizens, Inc.
Natchitoches, LA 71457

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Natchitoches Association for Retarded Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Natchitoches Association for Retarded Citizens, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Natchitoches Association for Retarded Citizens, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Natchitoches Association for Retarded Citizens, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Natchitoches Association for Retarded Citizens, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Natchitoches Association for Retarded Citizens, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

October 24, 2013
Natchitoches, Louisiana

Natchitoches Association for Retarded Citizens, Inc.
Adult Habilitation Program and Sheltered Workshop
Board of Directors
June 30, 2013

President	Patricia Roshto
Vice-President	Idell W. Snowden
Secretary/Treasurer	Wayne King
Board Member	David Kees
Director	Laura Redmon

Natchitoches Association for Retarded Citizens, Inc.
Schedule of Audit Findings
Year Ended June 30, 2013

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2013.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

No findings.

III. PRIOR YEAR AUDIT FINDINGS

No findings.